



400 N. Broadway, Suite 100 • Milwaukee, WI 53202 • (414) 271-5000

October 13, 2021

Via Email apederson@baysidewi.gov

Mr. Andy Pederson
Village Manager
Village of Bayside
9075 North Regent Road
Bayside, WI 53217

Developer Funding Financing Request: NWC of Brown Deer & Port Washington Roads

Dear Mr. Pederson:

On behalf of a joint venture between La Macchia Holdings, LLC and Cobalt Partners, LLC, this letter constitutes our request to the Village for:

(1) consideration of the creation of a development district under Wis. Stat. 66.1105 for the lands lying north of Brown Deer Road, west of Port Washington Road, east of Interstate I-43 and south of the White Oaks Apartments, which were recently rezoned to Planned Unit Development District Number One by Village action on September 29, 2021; and

(2) negotiation and execution of a development agreement as required by Section 66.1105 to enable developer-funded financing to cover project costs primarily related to infrastructure within the district, including roads, utilities, and safety enhancements along Port Washington Road.


In support of this request, we have included with this letter additional supporting detail.

We look forward to working cooperatively with the Village and its representatives through the appropriate approval processes. We would request that this matter be reviewed by staff as appropriate and placed on an upcoming agenda pursuant to the applicable process proscribed by State statute.

Should you require additional information, please advise accordingly.

Respectfully,


Scott J. Yauck
President/CEO
Cobalt Partners LLC


William E. La Macchia
La Macchia Holdings LLC
Member



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Initial Supporting Detail

Please find attached the following:

1. **Conceptual Unit Counts & Leasable Area**. Depicts current conceptual design together with corresponding leasable area and unit counts for each component of overall plan.
2. **Projected Development Valuation**. Illustrates projected development valuation by year in excess of existing tax base by component of overall plan.
3. **Additional Tax Generation**. Models tax revenue generated over life of district based on current tax rate, inflation, and assumed reduction in tax rate over time. (Note projected additional tax revenue exceeds \$56 million.)
4. **Itemized Infrastructure & Related Project Costs**. Itemizes certain infrastructure and related costs for which developer-funded financing reimbursement is sought over life of district. (Amount represents less than 20% of projected development valuation.)
5. **Narrative Outline of Proposed Key Terms of Development Agreement**. Outlines key terms of proposed developer-funded development agreement, including developer obligations.

BUILDING B (20K GROCER)
 UNITS: 106
 PARKING STALLS: 260
 STRUCTURE STALLS: 180
 SURFACE STALLS: 80
 PARKING RATIO: 1.7

BUILDING C
 UNITS: 66
 PARKING STALLS: 99
 STRUCTURE STALLS: 52
 SURFACE STALLS: 47
 PARKING RATIO: 1.5

BUILDING E
 UNITS: 76
 PARKING STALLS: 116
 STRUCTURE STALLS: 65
 SURFACE STALLS: 51
 PARKING RATIO: 1.53

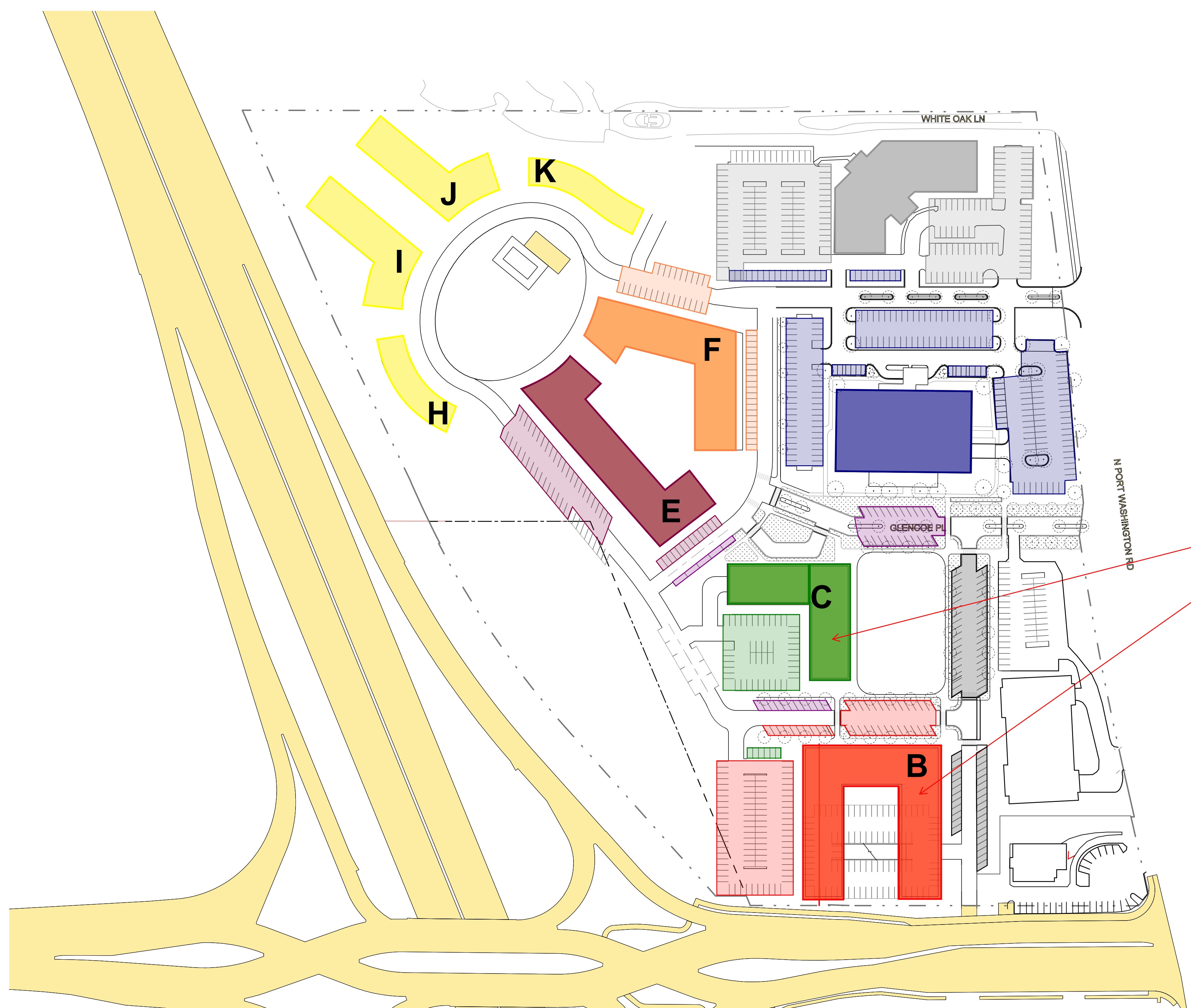
BUILDING F
 UNITS: 71
 PARKING STALLS: 108
 STRUCTURE STALLS: 61
 SURFACE STALLS: 47
 PARKING RATIO: 1.52

BUILDING H
 UNITS: 8

BUILDING I
 UNITS: 20

BUILDING J
 UNITS: 20

BUILDING K
 UNITS: 9



GLA (LIBRARY): APPROX. 20,000 SF
 GLA (RETAIL): APPROX. 22,000 SF

△ Revisions

PROJECT STATUS
 PROJECT NAME

PROJECT ADDRESS
 PROJECT ADDRESS
 Date Issued: 00/00/00
 RINKA project #: #####
 Sheet Title

SITE PLAN

Sheet # **A0-02**



BAYSIDE -- MIXED-USE REDEVELOPMENT -- PROJECTED DEVELOPMENT VALUATION (10-13-2021)

Ref.	Development Component	Est. SF (or Units)	Total Value	NOTES	2023	2024	2025	2026	2027	TOTALS
B	Mixed-Use Residential Component	106	\$ 21,200,000		\$ 10,600,000	\$ 10,600,000	\$ -	\$ -	\$ -	\$ 21,200,000
B	Mixed-Use Retail Component		\$ 4,400,000		\$ 2,200,000	\$ 2,200,000	\$ -	\$ -	\$ -	\$ 4,400,000
C	Mixed-Use Residential Component	66	\$ 13,200,000		\$ 3,960,000	\$ 9,240,000	\$ -	\$ -	\$ -	\$ 13,200,000
C	Mixed-Use Library/Civic Component		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
E	Residential	76	\$ 15,200,000		\$ -	\$ -	\$ 15,200,000	\$ -	\$ -	\$ 15,200,000
F	Residential	71	\$ 15,975,000		\$ -	\$ -	\$ 15,975,000	\$ -	\$ -	\$ 15,975,000
H	Residential	8	\$ 2,000,000		\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000
I	Residential	20	\$ 5,000,000		\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
J	Residential	20	\$ 5,000,000		\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
K	Residential	9	\$ 2,250,000		\$ -	\$ -	\$ -	\$ 2,250,000	\$ -	\$ 2,250,000
	Existing Multi-Family (8855)		\$ 4,778,300		\$ 4,778,300	\$ -	\$ -	\$ -	\$ -	\$ 4,778,300
	Existing Office (8909)		\$ 6,500,000	Renovated office	\$ 6,500,000	\$ -	\$ -	\$ -	\$ -	\$ 6,500,000
	Existing Office (8989)		\$ 5,000,000	Renovated office	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
	TOTAL:		\$ 100,503,300		\$ 33,038,300	\$ 22,040,000	\$ 38,175,000	\$ 7,250,000	\$ -	\$ 100,503,300
	Less District Base Value:		\$ (22,357,300)		\$ 33,038,300	\$ 55,078,300	\$ 93,253,300	\$ 100,503,300	\$ 100,503,300	
	INCREMENT TOTAL:		\$ 78,146,000							

BAYSIDE -- MIXED-USE REDEVELOPMENT -- ADDITIONAL TAX GENERATION BASED ON EXPECTED VALUATION

Value Increment	\$	78,146,000
Year 1 Tax Rate	\$	27.88
Tax Rate Adjustment		-0.25%
Inflation Rate		0.50%
# of years		27



Valuation Year	Revenue Year	Value Added (\$)	Value Added (%)	Inflation Increment	Valuation Increment	Tax Rate	Tax Increment
2023	2024	\$ 10,681,000	14%		\$ 10,681,000	\$ 27.88	\$ -
2024	2025	\$ 22,040,000	28%	\$ -	\$ 32,721,000	\$ 27.81	\$ 909,981
2025	2026	\$ 38,175,000	49%	\$ 163,605	\$ 71,059,605	\$ 27.74	\$ 1,971,248
2026	2027	\$ 7,250,000	9%	\$ 355,298	\$ 78,664,903	\$ 27.67	\$ 2,176,770
2027	2028	\$ -	0%	\$ 393,325	\$ 79,058,228	\$ 27.60	\$ 2,182,184
2028	2029	\$ -		\$ 395,291	\$ 79,453,519	\$ 27.53	\$ 2,187,613
2029	2030	\$ -		\$ 397,268	\$ 79,850,786	\$ 27.46	\$ 2,193,054
2030	2031	\$ -		\$ 399,254	\$ 80,250,040	\$ 27.40	\$ 2,198,510
2031	2032	\$ -		\$ 401,250	\$ 80,651,290	\$ 27.33	\$ 2,203,978
2032	2033	\$ -		\$ 403,256	\$ 81,054,547	\$ 27.26	\$ 2,209,461
2033	2034	\$ -		\$ 405,273	\$ 81,459,820	\$ 27.19	\$ 2,214,957
2034	2035	\$ -		\$ 407,299	\$ 81,867,119	\$ 27.12	\$ 2,220,466
2035	2036	\$ -		\$ 409,336	\$ 82,276,454	\$ 27.06	\$ 2,225,990
2036	2037	\$ -		\$ 411,382	\$ 82,687,837	\$ 26.99	\$ 2,231,527
2037	2038	\$ -		\$ 413,439	\$ 83,101,276	\$ 26.92	\$ 2,237,078
2038	2039	\$ -		\$ 415,506	\$ 83,516,782	\$ 26.85	\$ 2,242,643
2039	2040	\$ -		\$ 417,584	\$ 83,934,366	\$ 26.79	\$ 2,248,221
2040	2041	\$ -		\$ 419,672	\$ 84,354,038	\$ 26.72	\$ 2,253,814
2041	2042	\$ -		\$ 421,770	\$ 84,775,808	\$ 26.65	\$ 2,259,420
2042	2043	\$ -		\$ 423,879	\$ 85,199,687	\$ 26.59	\$ 2,265,040
2043	2044	\$ -		\$ 425,998	\$ 85,625,686	\$ 26.52	\$ 2,270,675
2044	2045	\$ -		\$ 428,128	\$ 86,053,814	\$ 26.45	\$ 2,276,323
2045	2046	\$ -		\$ 430,269	\$ 86,484,083	\$ 26.39	\$ 2,281,985
2046	2047	\$ -		\$ 432,420	\$ 86,916,503	\$ 26.32	\$ 2,287,662
2047	2048	\$ -		\$ 434,583	\$ 87,351,086	\$ 26.25	\$ 2,293,352
2048	2049	\$ -		\$ 436,755	\$ 87,787,841	\$ 26.19	\$ 2,299,057
2049	2050	\$ -		\$ 438,939	\$ 88,226,781	\$ 26.12	\$ 2,304,776
Totals:		\$ 78,146,000	100%				\$ 56,645,786



BUDGET CATEGORY - INFRASTRUCTURE & RELATED COSTS

Preliminary Site Design & Impact Analysis	450,000
Site Design & Engineering	750,000
Environmental Remediation	100,000
Site Preparation, Clearing, Geotechnical & Earthwork	1,868,000
Streets & Utilities	7,739,354
Landscaping & Lighting	825,000
Underground Storm Water Management System	3,618,493
Offsite & Safety Improvements	625,000
General Condition Expenses	460,000
General Contractor Fees	525,000
Village Costs & Professional Fees	150,000
Project Cost Contingency (15%)	2,566,627
Total Infrastructure & Related Costs	\$ 19,677,474

Narrative Outline of Development Agreement (Key Terms)

October 13, 2021

Developer hereby seeks the creation of a development district under Wis. Stat. 66.1105 for the lands lying north of Brown Deer Road, west of Port Washington Road, east of Interstate I-43 and south of the White Oaks Apartments. Under this statutory economic development tool, increased real estate taxes generated by the district (over the base amount currently paid by properties within the district) would flow to the Village to pay approved project costs.

In conjunction with this request, the developer also requests that the Village enter into a development agreement as required by Section 66.1105 to enable the developer to obtain developer-funded financing to cover costs primarily related to infrastructure, including roads, utilities, and safety enhancements along Port Washington Road. Under such an agreement, the developer would initially pay for certain costs of development, using funds obtained from conventional financing and equity sources, with those costs recovered through the district over time as development occurs and milestones are met.

More specifically, the developer proposes that, upon approval of the district and the development agreement, the Village would allow 90% of any tax increment actually received by the Village to be paid to the developer to reimburse approved project costs up to \$9,500,000.

As a second phase, but only upon completion of certain infrastructure work and confirmation satisfactory to the Village that improvements within the district are or soon will be in place to generate an increase of at least \$18 million in assessed value, the developer proposes that the Village make a forgivable loan to the developer in the amount of \$4,500,000 to reimburse approved project costs. All tax increment generated by the district would first go to repay any Village debt service incurred to fund this loan before the developer would receive any funds under as part of the first phase or any subsequent phase. The loan would be forgiven over the life of the development district only in the event that assessed value increment obligations are satisfied by the developer.

Finally, the developer proposes that, as a third phase, but only upon completion of additional infrastructure work, the Village would allow 90% of any increment actually received by the Village (after disbursement of funds in connection with earlier phases), to be paid to the developer to reimburse approved project costs up to an additional \$5,500,000.

The developer would be subject to several performance milestones and associated timelines, including land assembly, building demolition, infrastructure installation (including all of those obligations contained in the Public Improvement Agreement required under PUDD#1), creation of development parcels, initial investment/contribution of \$15 million in equity toward project costs, and other items typically contained in similar agreements.